



# MARINETTE COUNTY ELECTRONIC FUNDS POLICY

## **Overview**

The objective of this policy is to establish a uniform method to ensure Electronic Fund Transfers (EFTs) are initiated, executed and approved in a secure manner and to ensure adequate banking controls are maintained for payments by Marinette County. Factors of this policy include consideration of security, efficiency, and cost effectiveness.

## **Scope**

EFTs encompass electronic payments where there is an exchange or transfer of money between banks. EFTs include Automated Clearing House (ACH), direct disbursement and wire transfers.

- ACH Transfer – A method of electronic funds transfer processed through the Automated Clearing House. The transfer may take up to three (3) business days to complete. ACH payment is the preferred method of payment over a paper check.
- Direct Disbursement – A method of electronic funds transfer initiated by the vendor. Funds for such payments are electronically deducted from the County's bank account. This method of payment is reserved for recurring monthly payments.
- Wire Transfer – A method of electronic funds transfer from one bank to another within hours to complete. This method of payment is reserved for debt service payments only.

## **Roles and Responsibilities**

Department Heads are responsible for the administrative process for the purchase of goods and/or services and negotiating payment terms in relation to purchases. If payment via ACH is requested, departments are responsible to ensure payment can be made in accordance with this policy.

All EFT vendor and payroll arrangements will be coordinated and submitted through the Finance Department for payment. Finance will verify all new and/or revisions to EFT requests, ensuring all required documentation is provided and appropriately approved, and confirm banking account information is accurate and valid.

The County Clerk's Office is responsible for creating the vendor payment and payroll EFT files involved with the release of payments on behalf of Marinette County.

The County Treasurer's Office is responsible for the County's cash balances and the release of vendor and payroll EFTs which includes confirmation of EFT instructions with the appropriate lending institution.

ACH transfers for personal and property taxes collected to the districts are the responsibility of the County Treasurer.

## **Policy**

To promote the safety of County funds in the EFT environment, the following procedures shall be adhered to for all EFT payments:

1. The procedure to initiate an EFT is subject to the same financial policies, procedures and controls that govern disbursement by any other payment mechanism of the County.

2. EFT transactions will not be made without proper authorization of affected parties in accordance with federal and state statute and accepted business practices.
3. The person who initiates an EFT payment cannot approve or release the associated payment.
4. Authentication of new EFT requests and changes to existing EFTs required prior to the transaction date shall include the following steps:
  - a. Validate all new electronic payment instruction requests received.
    - i. Only original forms will be accepted with signature for payroll direct deposit. Original forms shall be accepted either through County inter-office mail or delivered in person.
  - b. Contact the vendor or requester directly by phone to confirm any requests for payment method or payment instruction changes. Do not use the contact information provided on the request to change payment method; do use contact information known to be genuine from the vendor master file in the financial management system. Request the contact to confirm existing payment instructions on file prior to implementing any change(s).
  - c. Verify the new information provided on the payment instructions with the known contact.
  - d. Document the verification process that was followed to validate payment instructions. A record of verification must be maintained in accordance with record retention policies.
5. When vendor ACH payments are approved, they will be created in the vendor master database of the financial management system by individual(s) authorized to perform vendor maintenance. All ACH additions and revisions to existing vendor information shall be approved by individuals identified in Tyler Munis electronic workflow. For internal control, at no time should the system generated audit records indicate that the same individual initiated and approved an ACH change in the vendor file.
6. All payroll ACH transactions require a pre-note to be completed prior to first payment. This is a zero dollar test to validate the bank account information.
7. The mechanism by which ACH payment requests are communicated to the disbursing bank by the County Treasurer's Office will have adequate controls to prevent unauthorized access.
8. All wire transfers will be initiated by the Finance Department. All documents requesting payment will be forwarded to the County Treasurer's office for processing. Two person authentication is required for all wire transfers. One staff shall provide wire instructions to the County's bank; recipient's name, bank account numbers, amount of transfer, and date of payment. The County's bank shall confirm instructions with the County Treasurer. Staff authorized for wire transfers shall be an authorized representative and listed with the County's depository agreement.
9. Bank balances will be monitored daily for unusual or unexpected transactions.
10. Reconciliation of banking activity to the general ledger will be accomplished in a timely manner with investigation and resolution of reconciling items.

Administrative Committee approved February 16, 2023

County Board approved February 28, 2023